

BargeCo

BENEFITS TO ENRON SUMMARY

Deal Name: **Bargeco**

Dollar Amount: **\$7.5 million**

Date: **6/29/00**

Description of Transaction: **Enron sold barges to Merrill Lynch (ML) in December of 1999, promising that Merrill would be taken out by sale to another investor by June, 2000. The project could not be sold by June, so without LJM2's purchase Enron would have had to strain the ML/Enron relationship or repurchase the assets and reverse earnings and funds flow on the original transaction.**

Enron Business Unit Benefited: **Enron International (Africa)**

Did the deal result in a direct or indirect benefit to Enron? **Indirect**

Primary Benefit: **Avoidance of earnings and funds flow reversal (indirect)**

Funds Flow Direct:

Funds Flow Indirect: **\$28.0 million**

Earnings Direct: **\$2.0**

Earnings Indirect: **\$12.0 million**

Fees Saved:

Other equity investors bidding on the transaction: **none**

Did the deal close with LJM? **yes**

Other benefits to Enron:

- **Protected the Enron/ML relationship**
- **Speed of execution – under three weeks**
- **Complexity – Nigerian structured transaction**
- **Willingness of execution – Project was located in Nigeria, project was behind schedule and little time was available for due diligence.**

Compiled by: **Ace Roman**

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